

**MINUTES**  
**LEGISLATIVE GOVERNMENT OVERSIGHT COMMITTEE**  
**December 13 & 14, 2006**

The Legislative Government Oversight Committee met December 13, 2006, in the Room 102, Supreme Court Consultation Room at the Capitol. Chair Senator Wieck called the meeting to order at 1:03 p.m. Other members present were:

Senator Tom Courtney  
Senator Pat Ward  
Senator Michael Connolly

Representative Dwayne Alons, Chair  
Representative Joe Hutter, VC  
Representative Vicki Lensing, RM  
Representative Clel Baudler  
Representative George Eichorn  
Representative Wes Whitead  
Representative Cindy Winckler

**DEPARTMENT OF CORRECTIONS – COST SAVINGS MEASURES**

Mr. John Baldwin, Deputy Director, DOC, related DOC's position regarding testimony previously provided by a former inmate identifying areas for potential cost savings at DOC institutions and assertions of offender mistreatment by DOC staff.

With reference to an issue raised about waste in DOC usage of individual salt and pepper packets, Mr. Baldwin stated that the packets are often utilized in lieu of less expensive salt and pepper shakers to reduce the likelihood of inmate salt overdosing and the potential for utilization of shakers as a weapon. Regarding an assertion that an unused boiler is sitting on the ground at the Mt. Pleasant Correctional Facility and might be better utilized, Mr. Baldwin explained that the boiler was salvaged from another institution approximately ten years ago and is utilized for spare parts needed for repairing comparable boilers at Mt. Pleasant. In connection with allegations of staff mistreatment, Mr. Baldwin indicated that there are numerous opportunities for offenders to publicize grievances, that they are supplied with a toll-free number to the Office of the State Ombudsman, that staff at all DOC facilities are trained on appropriate responses to offender aggression, and that the staff at the facility in question have addressed and refuted these particular allegations.

Mr. Baldwin additionally commented on several new DOC cost-saving initiatives, and emphasized that while DOC is a relatively expensive agency, it makes an ongoing and concerted effort to reduce costs whenever possible. Committee discussion included procedures utilized to reduce food waste and the purchase of food on the secondary market, utilization of offenders with food service backgrounds, confiscation procedures in relation to offender personal belongings, offender recidivism rates, and an update on drug possession and usage recently uncovered at the Fort Madison facility.

**IOWA LOTTERY UPDATE**

Dr. Ed Stanek, President and Chief Executive Officer, Iowa Lottery Authority, updated the Committee on financial results for calendar year 2006, reviewed budgets for FY 2006-2007 and

FY 2007-2008, and identified new games being introduced by the lottery. Dr. Stanek cited two large prizewinners during 2006 resulting in the payment of approximately \$15 million in income taxes to the state treasury, stated that the lottery experienced record sales and profits for the year, summarized the new Iowa Great Places and Lucky 7's games, and discussed the financial and legal impact of the discontinuance of TouchPlay. He also related that lottery executives continue to closely monitor fuel prices and the expansion of casino gambling to determine their impact on lottery sales and profits, and discussed an innovative self-exclusion program.

Committee discussion included the regulation and impact of internet gambling, the extent to which problem gamblers are subject to multiple addictions, the status of a lawsuit regarding public access status for documents related to TouchPlay, and the possibility that future financial and budgetary information might be presented in a more standardized format.

### **COUNTY TREASURERS – INTEREST INCOME AND ACCOUNT OWNERSHIP ISSUES**

Ms. Mary Maloney, Polk County Treasurer, accompanied by Ms. Lana Taylor, Poweshiek County Treasurer, and Iowa State County Treasurers Association (ISCTA) members addressed the Committee concerning issues which have arisen in connection with reimbursement of interest accruing from tax and vehicle license receipt deposits and control of the account into which such deposits are made. Ms. Maloney provided background information relating to the development of a website originally intended to facilitate online payment of property taxes, indicating that she coordinated the website project from its inception; that usage of the website expanded significantly; that a decision was approved to open an interest-bearing account which ultimately accumulated over \$600,000 in interest; and that based on advice from the Polk County Attorney's Office the interest was fully distributed on a proportionate basis to each county's respective Board of Supervisors. Ms. Maloney indicated that she continues operating a website on behalf of nine counties, with the other counties opting to develop an independent website.

Members of ISCTA responded that they agree the interest has been fully distributed, but maintain that the interest-bearing account should be jointly owned and that requests for information from Ms. Maloney regarding interest accrual and disbursement were disregarded. Committee discussion centered upon the need for an independent audit conducted by the State Auditor to provide verification regarding interest accrual and disbursement, the potential for the rift among county treasurers to result in a disservice to the public, and a desire that the two factions work together to put aside their differences and move forward. It was ultimately determined that the Committee will send a letter to Ms. Maloney requesting the following information:

- Copies of the audit reports conducted by external auditors relating to interest income receipts and interest earned.
- Documentation of Polk County's costs associated with maintaining the website.
- Copies of bank account statements for the fund or funds that received receipts and reflect the interest income earned, including statements for all Polk County funds or accounts that benefited from the receipts and interest earned.
- Minutes or other documentation reflecting any related discussions between the Polk County Treasurer's Office, the Polk County Attorney's Office, and the Polk County Board of Supervisors.

## **RECESSED**

Senator Wieck recessed the meeting at 5:55 p.m.

**December 14, 2006**

Senator Wieck called the meeting to order at 9:00 a.m.

## **GAMBLER'S TREATMENT PROGRAM – REQUEST FOR PROPOSALS PROCESS**

Ms. Lisa Pierce, Central Iowa Gambling Program, Inc., Ms. Jan Meisenbach, Eastern Iowa Gambling Treatment Center, Mr. John Hostetler, President of the Iowa Council on Problem Gambling, and Ms. Julie Sheppard, Training Resources, provided input relating to the request for proposals (RFP) process utilized for FY 2006-2007 service contracts and associated interactions with the Iowa Department of Public Health (IDPH). Ms. Pierce and Ms. Meisenbach related a series of concerns centering on frustration with the contract submission process, contract rescissions requiring resubmissions without reimbursements for expenses accrued during appeals, lack of notification if previously identified concerns had been addressed, and burdensome and duplicative additional conditions upon receipt of a contract. Ms. Meisenbach inquired as to whether a subcommittee had been established by the Committee to monitor the establishment of transitional housing facilities in eastern Iowa and timing concerns previously expressed regarding the flow of funding to service providers, and was informed that it had not.

Mr. Hostetler and Ms. Sheppard, appearing on behalf of the Council, presented a contrasting viewpoint. They noted that IDPH has undergone a personnel transition regarding gambler's treatment program authority and management resulting in an improved level of communication and responsiveness, indicating that while changes to the RFP process would be welcomed, they feel that existing procedures are consistently and fairly applied. They suggested that the difficulties identified by Ms. Pierce and Ms. Meisenbach may not represent the view of a majority of service providers. Committee discussion included members indicating awareness of inconsistencies in the RFP process which appear to require a solution, questions regarding the emphasis placed on eastern Iowa regarding the lack of transitional housing, and a decision to invite the Director of IDPH and a representative from the Governor's Office to an upcoming meeting to address the issues identified.

## **STAFF AUGMENTATION PROPOSAL – DAS**

Ms. Mollie Anderson, Director, DAS, accompanied by Mr. John Gillespie, DAS, provided information regarding a proposal to facilitate staff augmentation for information technology (IT) services by contracting with a single provider operating a vendor network. Ms. Anderson identified Computer Aid, Inc. (CAI) as the provider and related that the company had been selected and utilized by the state of Pennsylvania with reports of significant cost savings and increased involvement of women and minority-owned businesses. Ms. Anderson emphasized that utilization of CAI would be in addition to, rather than in lieu of, vendors registered on the state's invitation to qualify list; that positive feedback from Pennsylvania stakeholders internal and external to state government has been obtained by DAS staff; that a three-to-five dollar per hour charge would be paid to CAI on top of the rate charged by the network member; that the contract would not violate any competitive bid processes; and that

state agencies are projected to experience lower hourly rates, faster placement of resources, better tracking ability, and reduced administration time.

Ms. Ann Graham, American Computer Services, Inc., identified several concerns with the proposal. American Computer Services, Inc. is an existing vendor contracting with the state for IT staff augmentation, and it was Ms. Graham's impression during discussion of the proposal at a recent Technology Governance Board meeting that the proposal would likely be implemented and on a fairly rapid timeline. Ms. Graham related that Pennsylvania ultimately made utilization of the CAI network mandatory, disputed cost savings amounts, cited the potential for increased competition for Iowa businesses, and maintained there is likelihood for hidden costs and fees.

Committee discussion echoed some of these concerns, with particular attention focused on quality of services provided by CAI contractees, duration and renewability of any agreement signed, and difficulty accepting that the increased hourly charge of three to five dollars is the primary profit realized by CAI, with additional profit potentially achieved at vendor's expense. Members acknowledged the consistent efforts put forth by DAS in identifying and implementing cost-saving strategies, and the possibility that this might encourage small businesses otherwise intimidated by the state agency invitation to qualify process to initiate a relationship. It was determined that implementation efforts by DAS would not continue until additional information relating to the financial impact of the proposal on Iowa vendors and employees is supplied by DAS to the Committee, that other vendor representatives and CAI personnel would appear before the Committee for further inquiry, and that the Committee would continue to monitor the proposal.

## **ADJOURNED**

Senator Wieck adjourned the meeting at 11:55 a.m.